

RESOLUTION 2022-8-24

WEST CORNWALL TOWNSHIP, Lebanon County, Pennsylvania

A RESOLUTION OF THE BOARD OF SUPERVISORS OF WEST CORNWALL TOWNSHIP, LEBANON COUNTY, PENNSYLVANIA, ALLOCATING A PORTION OF THE TOWNSHIP'S "AMERICA RESCUE PLAN ACT" GRANT MONEY TO THE WEST CORNWALL TOWNSHIP MUNICIPAL AUTHORITY IN FURTHERANCE OF THE AUTHORITY'S PURCHASE, AND INITIAL OPERATION & MAINTENANCE, OF THE PUBLIC WATER SUPPLY SYSTEM OWNED BY THE QUENTIN WATER COMPANY.

WHEREAS, the West Cornwall Township Municipal Authority (the "Authority") is a municipality authority incorporated and organized under the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended, of the Commonwealth of Pennsylvania; and

WHEREAS, for a period of approximately 80 years, the Quentin Water Company ("QWC") has owned and operated the public water supply system for certain areas of West Cornwall Township ("Township"), which include the Village of Quentin and its immediately surrounding areas; and

WHEREAS, the QWC stockholders have approved the sale of all QWC assets, and authorized the appropriate QWC officers to take all necessary actions to transfer the ownership and operations the QWC's public water supply system to the Authority; and

WHEREAS, QWC and Authority negotiated a sales price of one million and 00/100 dollars (U.S. \$1,000,000.00), which was approved by the Authority at a duly advertised and regularly scheduled public meeting; and

WHEREAS, the Authority secured a one million and 00/100 dollar (U.S. \$1,000,000.00) loan from Peoples Security Bank and Trust ("Bank") at favorable terms (2.25% fixed interest, fully amortized over 240 months) in May, 2022, in anticipation, and advance of, U.S. Federal Reserve interest rate hikes, and

WHEREAS, the Authority closed on the Bank loan, and has deposited the funds into a newly established water account; and

WHEREAS, as part of the Bank loan, the Authority incurred closing costs and expenses, in the amount of approximately \$21,000.00, in May, 2022, and will incur semi-annual loan payments of \$31,500.00 beginning in December, 2022, and every six months thereafter; and

WHEREAS, the Authority is in the process of finalizing an agreement with the QWC for the purchase of the entirety of the QWC public water supply system, which is conditioned upon QWC obtaining the approval of the PA Public Utility Commission (the "PUC") to transfer the QWC assets to the Authority, at which time the ownership and operation of the water system by the Authority may commence; and

WHEREAS, QWC's attorney has been informed that the PUC approval of the transfer may take up to one full year; and

WHEREAS, the Authority will not be in a position to collect water rents from customers until such time that it owns and operates the water system, and therefore the Authority will have no water income and financial resources to pay for loan closing costs or semi-annual bank payments for the foreseeable one year period of time until PUC approval is obtained.

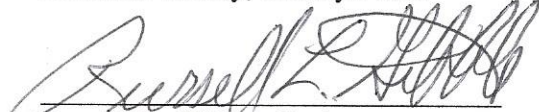
NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Board hereby affirms the action taken at its June 13, 2022, public meeting to allocate \$50,000.00 of the Township's "American Rescue Plan Act" grant money to the Authority to cover Authority's loan closing costs and a portion of its initial operating costs. Payment of this \$50,000.00 to the Authority will be issued on or before November 30, 2022. This payment need not be repaid by the Authority.
2. The Board hereby commits to an additional allocation of the Township's "American Rescue Plan Act" grant money to the Authority in an amount needed to pay the principal and interest of its December, 2022, Bank loan payment. This is anticipated to be approximately \$31,500.00, under the following terms and conditions: the Authority shall reimburse Township all amounts allocated to Authority, as well as legal fees and advertising costs associated with same, not to exceed \$5,000.00, within five years of acquiring ownership of the water system, without liability for interest.
3. The Board hereby commits to an additional allocation of the Township's "American Rescue Plan Act" grant money to the Authority in an amount needed to pay the principal and interest of its June, 2023, Bank loan payment. This is anticipated to be approximately \$31,500.00, under the following terms and conditions: the Authority shall reimburse Township all amounts allocated to Authority, as well as legal fees and advertising costs associated with same, not to

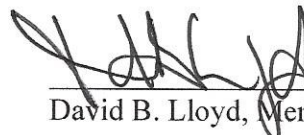
exceed \$1,000.00, within five years of acquiring ownership of the water system, without liability for interest.

DULY ADOPTED this 24th day of August, 2022, by the Board of Supervisors of West Cornwall Township, Lebanon County, Pennsylvania, in lawful session duly assembled.

**WEST CORNWALL TOWNSHIP
BOARD OF SUPERVISORS**
Lebanon County, Pennsylvania



Russell L. Gibble, Chairman




David B. Lloyd, Member

ATTEST:



Secretary



Dennis J. Tulli, Member